2023-S AMH HUDG RUBE 028

**SHB 2023** - H AMD **638**

By Representative Hudgins

**WITHDRAWN 02/13/2014**

 On page 1, beginning on line 7, after "**Sec. 2**" strike all material through "crowdfunding" on page 2, line 3 and insert the following:

 "The legislature finds that start-up companies play a critical role in creating new jobs and revenues. Crowdfunding, or raising money through small contributions from a large number of investors, allows smaller enterprises to access the capital they need to get new businesses off the ground. The legislature further finds that the costs of state securities registration often outweigh the benefits to Washington start-ups seeking to make small securities offerings and that the use of crowdfunding for business financing in Washington is significantly restricted by state securities laws. Helping new businesses access equity crowdfunding within certain boundaries will democratize venture capital and facilitate investment by Washington residents in Washington start-ups while protecting consumers and investors. For these reasons, the legislature intends to provide Washington businesses and investors the opportunity to benefit from equity crowdfunding"

 On page 2, line 9 after "with" insert "and approved by"

 On page 2, line 19 after "director" insert "or with a portal"

 On page 2, line 22 after "director" insert "or portal"

 On page 3, line 1, after "acknowledges" strike "the following statement at the time of sale" and insert "by electronic signature the following statement conspicuously presented at the time of sale on a page separate from other information relating to the offering"

 On page 3, beginning on line 15, after "report" strike all material through "quarter" on line 18, and insert "within forty-five days of the end of each fiscal quarter to the director and to the portal that the issuer used, if any. The issuer must also provide the report to the issuer's shareholders by making such report publicly accessible, free of charge, at the issuer's internet web site address"

 On page 3, line 24, after "them;" strike "and"

 On page 3, line 26, after "issuer" insert "; and

 (c) A summary of the employment positions created in Washington, not to include names of employees, since and attributable to receiving funding under this section. The summary must include:

 (i) The number of employment positions;

 (ii) The number of employment positions according to the following wage bands: Less than thirty thousand dollars; thirty thousand dollars or greater, but less than sixty thousand dollars; and sixty thousand dollars or greater;

 (iii) The nature of benefits, including medical, dental, and retirement benefits, provided to a majority of the employment positions; and

 (d) For an issuer receiving public benefits or resources such as tax incentives, a description of the public resources received."

 On page 4, line 7, after "registration" strike "of a portal" and insert "and approval of portals"

 On page 7, beginning on line 31, after "(23)" strike all material through "act" on line 32 and insert "Financial information supplied to the department of financial institutions or to a portal registered with the department of financial institutions, when filed by or on behalf of an issuer of securities for the purpose of obtaining the exemption from state securities registration for small securities offerings provided under section 3 of this act or when filed by or on behalf of an investor for the purpose of purchasing such securities"

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|  |  EFFECT:   Modifies the intent section. Requires that the Department of Financial Institutions approve a portal upon registration. Allows portals to take an issuer's escrow agreement and determine whether the capital raised by an offering meets or exceeds the minimum target offering. Requires that the investor disclosure statement be conspicuously displayed and acknowledged by electronic signature. Requires that reporting be made to the Department of Licensing and strikes requirement that the report be password-protected. Inserts additional reporting requirements to include jobs created, pay and benefit provided, and public support taken. Provides the Department of Financial Institutions with authority to make rules for registration of multiple portals. Narrows the exemption from disclosure to only financial information provided by issuers or investors in connection with a filing for exemption from registration for a small securities offering. |

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